Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

84 M
2

Marketing Margins for White Bread

LIBRARY
RECEIVED
MAY 1 1956
U.S. DEPARTMENT OF AGRICULTURE
BELTSVILLE BRANCH

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
Washington, D. C. March 1956

MISCELLANEOUS PUBLICATION NO. 712

Even a half-cent rise in the price of bread is of interest to the entire community, particularly when bread prices have been increasing each year over a decade. During the last 10 years, average retail prices have risen 7.3 cents per pound loaf, or 70 percent. The largest annual rise of 2.1 cents occurred between 1946 and 1947 after OPA controls were removed. The smallest rise of one-tenth of 1 cent took place between 1948 and 1949 when there was some slackening of economic activity.

The price of wheat and all other ingredients used in making bread rose one-half cent between 1946 and 1955. This means that 6.8 cents of the price increase was due to higher marketing costs rather than higher costs of raw material. The rise in bread prices corresponded rather closely to the rise of hourly earnings of flour and grain-mill workers and to increases in the price of supplies used by millers and bakers.

This report shows the changes in bread prices, margins, and costs from 1946 through 1955. It is one of a series of reports on studies of food marketing costs and margins being prepared by the USDA.

The Department keeps current data on bread prices and margins, and will continue to publish them quarterly in "The Marketing and Transportation Situation."

The difference between the price the farmer gets for a given quantity of wheat and the price the consumer pays for the bread that can be made from it is known as the PRICE SPREAD, or MARKETING MARGIN. The marketing margin includes all charges for handling, transporting, and milling the wheat, and for baking and retailing the bread.

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. - Price 10 cents

BREAD PRICES RISE 10TH YEAR IN SUCCESSION

Bread prices have risen every year since 1946. Consumers in 1955 paid an average price of 17.7 cents for a 1-pound loaf of bread, a new high, 70 percent above the 10.4 cents paid in 1946. The increase during 1955 was one-half cent per loaf over 1954. Most of the rise in retail bread prices since 1946 has come from increases in charges by the bakers. The rise took place without any significant changes in services rendered such as have occurred in a number of other food items.

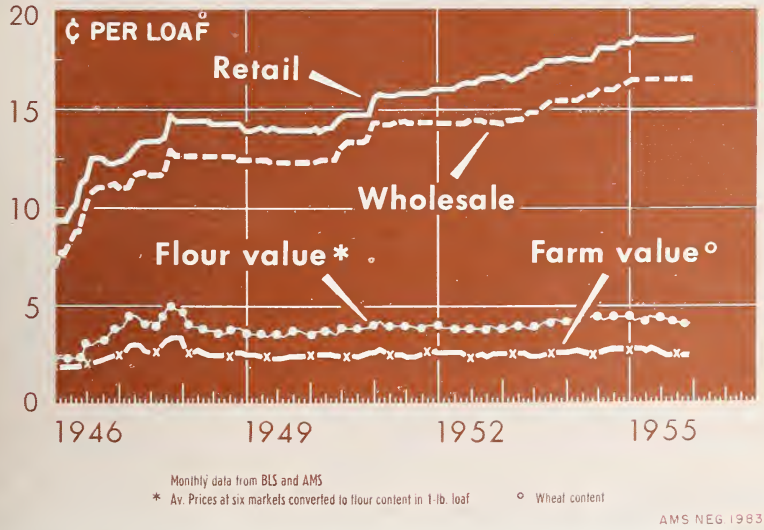


Figure 1

A bushel of wheat yields enough flour to make about sixty-six 1-pound loaves of white bread, and 17.4 pounds of millfeed. In 1946 if the wheat farmer had exchanged a bushel of wheat for white bread at the grocery store, he would have received about 17 loaves, plus millfeed. The rest of his bushel—enough wheat for 49 loaves—would have gone to pay for transportation, storage, milling, baking, retailing, and other marketing services. In 1955 the farmer would have received only 11 to 12 loaves per bushel plus millfeed.

FARMER'S SHARE OF INCREASE SMALL

Of the rise of 7.3 cents per loaf since 1946, about one-half cent went to farmers and the remaining 6.8 cents was an increase in marketing charges. Although retail bread prices rose in 1955, the farm value of the ingredients was slightly lower than in 1954. The farmer's share of the retail price of a loaf declined from 25 percent in 1946 to 18 percent in 1955.

The farm value of all ingredients and the retail margin per loaf held fairly steady during the 10 years.

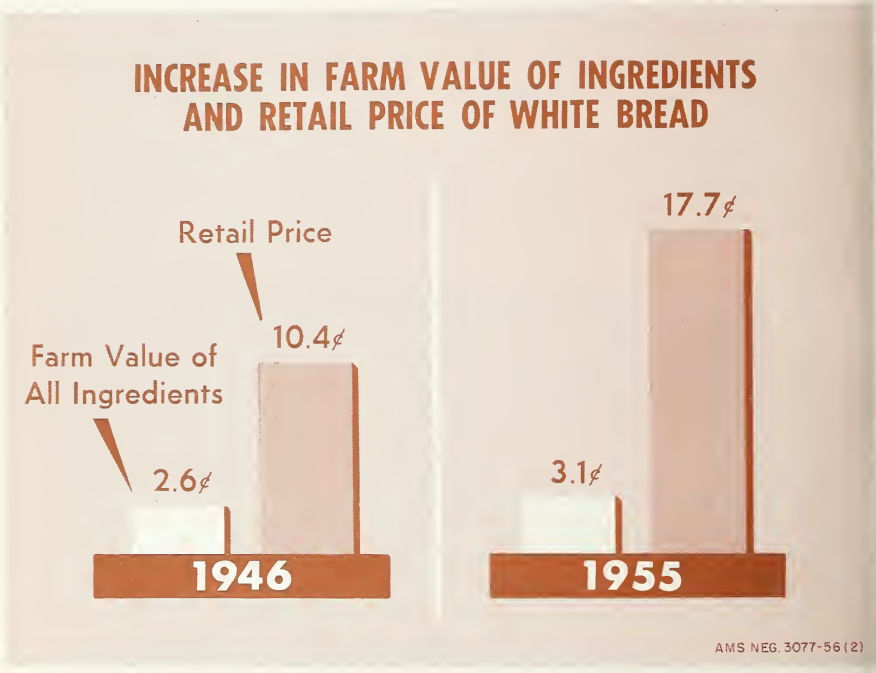


Figure 2

WHY PRICE SPREAD WIDENED

The slight widening of the price spread in 1955 was due to higher costs at the bakery. Hourly earnings in bread bakeries in 1955 were approximately 7 cents higher than in 1954. This increase was smaller than in the years immediately preceding, but like the earlier ones appears to have been passed on to the consumer. Other noningredient costs such as wrapping materials also rose. Retailer margins have remained fairly constant. Although in 1955 hourly earnings in the flour milling industry increased, flour prices did not rise. Instead, they tended to reflect lower wheat prices.

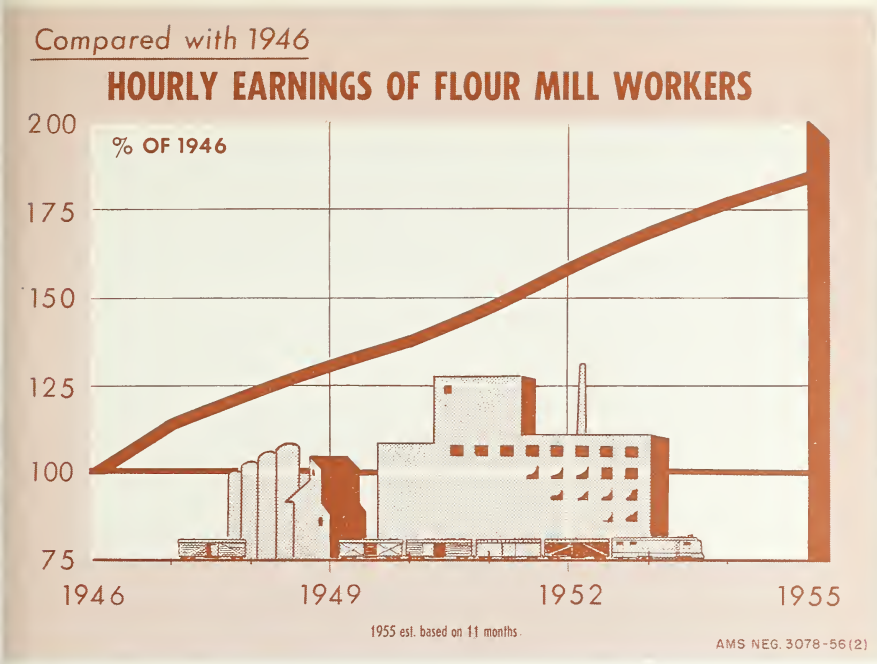


Figure 3

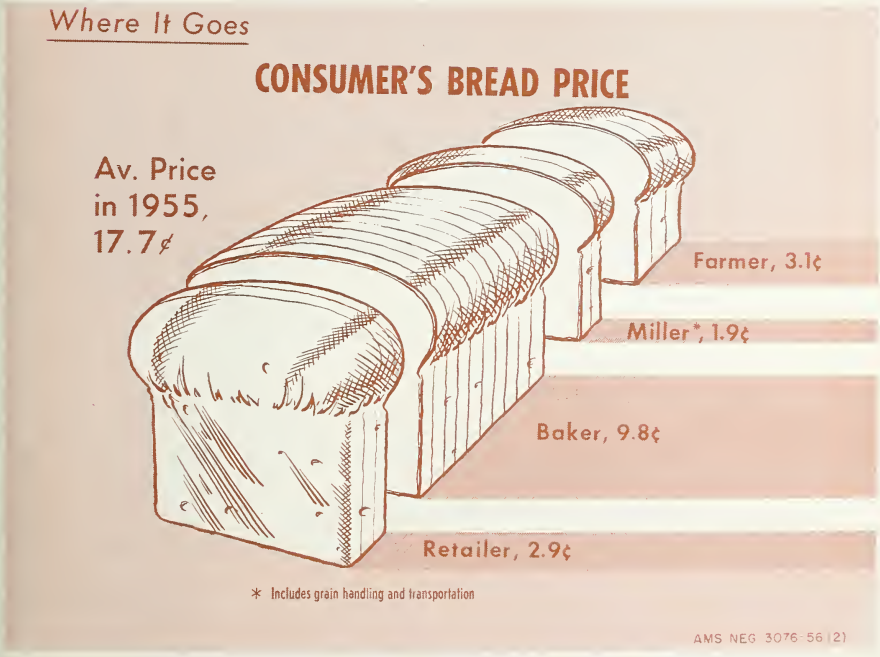


Figure 4

TABLE 1.—*Distribution of retail price of bread, by recipients, 1946 and 1955*

Recipient	1946		1955	
	Actual amount	Percentage	Actual amount	Percentage
	Cents	*Percent*	*Cents*	*Percent*
Farmers	2.6	25	3.1	18
Grain elevators, transportation agencies, flour mills, and processors of nonflour ingredients	1.0	10	1.9	11
Bakeries	4.6	44	9.8	55
Grocers	2.2	21	2.9	16
Total	10.4	100	17.7	100

Based upon preliminary data, only 3.1 cents of the average amount—17.7 cents—paid by consumers for a pound of white bread was returned to farmers for wheat and other ingredients of farm origin (table 1). The wheat farmer received about 2.7 cents of this amount compared with 2.1 cents in 1946 and 2.9 cents in 1947, the low and high years within the decade. Even if the farmer had donated his wheat, white bread would still have cost consumers about 14 cents per loaf.

Farm value of other ingredients slid to 0.4 cent per pound of bread in 1955, reaching the same levels as in 1946, 1949, and 1950. During the decade it reached a high point of 0.7 cent in 1948.

FARMER'S PRICES DON'T GOVERN BREAD PRICES

Farm values of wheat, sugar beets or sugarcane, milk, and hogs (lard) amount to such a small portion (18 percent in 1955) of the total price of bread that considerable fluctuations can take place in farm prices without affecting the price of the finished product.

The farmer's share is not significantly altered by the choice of bread formula because the amounts of nonflour ingredients are so small. To 100 pounds of flour, 2½ to 4½ pounds of shortening, 4 to 7 pounds of sugar, 3 to 5½ pounds of dry milk, and approximately 65 pounds of water plus minor ingredients are added to produce 150 to 165 pounds of baked bread. Shifts of ingredients within the ranges possible do not have any significant effect on the farmer's share.

HANDLING, TRANSPORTATION, AND MILLING CHARGES UP

Between the farm gate and the consumer's table, a number of handling and processing steps take place and each must be paid for. The difference between the farm value of ingredients and their value at the bakery constitutes marketing charges covering storage, insurance, transportation, and milling and other processing. Over the decade these charges rose from 1 cent to nearly 2 cents a loaf.

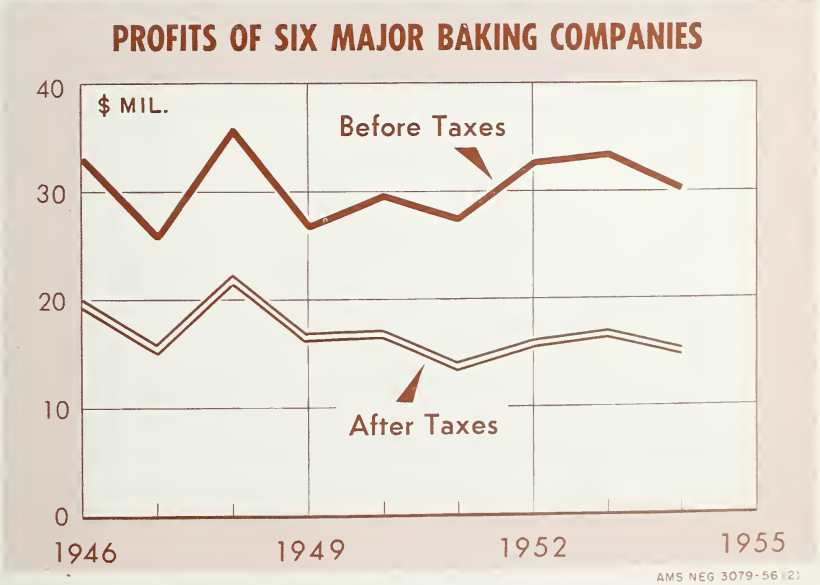


Figure 5

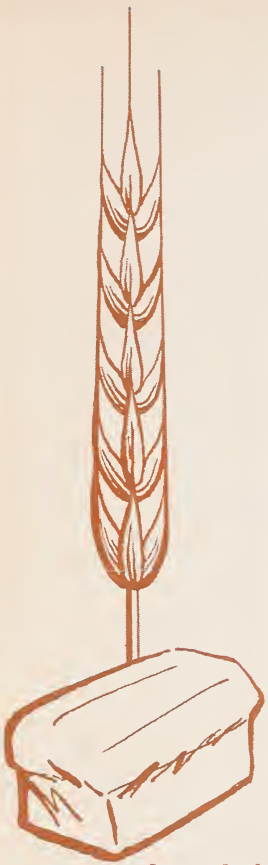


TABLE 2.—*Pound loaf of white bread: Retail pr*
value of ingredients, and farmer's sh

Year and quarter	Retail price [2]	Cost to baker		E re m
		Flour [3]	All ingredients [4]	
	Cents	*Cents*	*Cents*	
1946	10. 4	2. 5	3. 6	
1947	12. 5	3. 9	5. 1	
1948	13. 9	3. 5	4. 7	
1949	14. 0	3. 2	4. 3	
1950	14. 3	3. 4	4. 4	
1951	15. 7	3. 6	4. 8	
1952	16. 0	3. 5	4. 6	
1953 [12]	16. 4	3. 6	4. 8	
1954	17. 2	3. 9	5. 1	
1955 [13]	17. 7	3. 9	5. 0	
1954:				
January–March	17. 0	3. 8	5. 0	
April–June	17. 0	3. 9	5. 1	
July–September	17. 3	4. 0	5. 2	
October–December	17. 5	4. 0	5. 2	
1955:				
January–March	17. 7	4. 0	5. 1	
April–June	17. 7	4. 0	5. 1	
July–September	17. 7	3. 8	4. 9	
October–December [13]	17. 8	3. 7	4. 8	

[1] Quarterly data for 1946–51 are available on request. The farm value and the farmer's share of retail price for the wheat in a loaf of bread are published currently in the tables, "Quarterly Farm-Retail Price Spreads for Farm Food Products," in the Marketing and Transportation Situation.

[2] Average retail price per pound loaf of white pan bread bought in urban areas, reported by Bureau of Labor Statistics.

[3] Weighted average wholesale value of 0.649 pound of several types of bread flour in 5 markets adjusted to the level of cost to bakers as reported in Census of Manufactures.

[4] Cost of flour, shortening, dry milk, yeast, salt, sugar, malt extract, and mineral yeast food, used per pound of bread (estimated average formula for 1935–39) adjusted to level of cost to bakers as reported in Census of Manufactures.

[5] Gross margin or total spread between the estimated cost to the baker of all ingredients used in a pound loaf of white bread and the retail price.

[6] Weighted average wholesale value of 0.649 pound of several types of bread flour in 5 markets adjusted to mill-sales level as reported in the Census of Manufactures.

[7] Weighted average wholesale value of 0.912 pound of major classes and grades of wheat used for milling bread flour in 6 markets, adjusted to level of cost to miller as reported in Census of Manufactures, and further adjusted to eliminate imputed value of millfeed byproducts.

timated baker's and miller's costs and margins, estimated farm f retail price, annual 1946–55, quarterly 1954–55 [1]

Mill sales value of flour [6]	Cost of wheat to miller [7]	Miller's flour margin [8]	Farm value		Farmer's share of retail price	
			Wheat [9]	All ingredients [10]	Wheat	All ingredients
Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Percent*	*Percent*
2. 5	2. 2	[11] . 5	2. 1	2. 6	20	25
3. 8	3. 0	. 8	2. 9	3. 5	23	28
3. 4	2. 8	. 6	2. 6	3. 3	19	24
3. 2	2. 6	. 6	2. 4	2. 8	17	20
3. 3	2. 6	. 7	2. 5	2. 9	17	20
3. 5	2. 7	. 8	2. 6	3. 2	17	20
3. 4	2. 7	. 7	2. 6	3. 1	16	19
3. 6	2. 8	. 8	2. 5	3. 1	15	19
3. 8	3. 0	. 8	2. 7	3. 2	16	19
3. 8	3. 0	. 8	2. 7	3. 1	15	18
3. 7	2. 9	. 8	2. 7	3. 2	16	19
3. 8	2. 9	. 9	2. 6	3. 1	15	18
3. 9	3. 0	. 8	2. 7	3. 2	16	18
4. 0	3. 2	. 8	2. 8	3. 3	16	19
3. 9	3. 1	. 8	2. 8	3. 3	16	19
3. 9	3. 1	. 8	2. 7	3. 2	15	18
3. 7	2. 9	. 8	2. 5	3. 0	14	17
3. 6	2. 9	. 7	2. 6	3. 0	15	17

[8] Gross margin or total spread between the estimated cost of the wheat to the miller and the estimated mill-sales value of the flour.

[9] Payment to farmers for 0.912 pound of wheat less imputed value of millfeed byproducts, based on average price received by farmers for all wheat.

[10] Value at prices received by farmers, less byproduct allowances, for the amount of wheat and other farm products yielding ingredients used in the baking of a pound loaf.

[11] Includes subsidy payment of 0.2 cent per loaf in 1946. These subsidies are based on the weighted average Federal milling subsidies paid per 0.912 pound of wheat adjusted to eliminate portion imputed to millfeed byproducts.

[12] Revisions in November 1953 include revisions of retail prices, baker's and retailer's margins, and for some periods the farmer's share of retail price. The revisions were necessary because the Department of Agriculture currently publishes spreads between retail prices paid by urban consumers and prices received by farmers, using retail prices reported by the Bureau of Labor Statistics. Formerly the retail price of bread was based on figures collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics, with adjustment to consumer purchase survey level.

[13] Preliminary data.

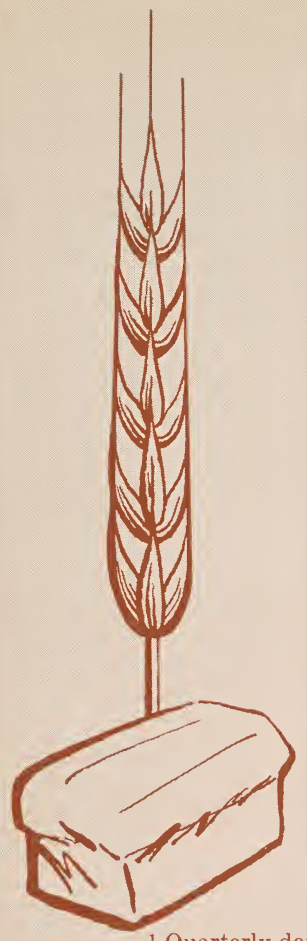


TABLE 2.—*Pound loaf of white bread: Retail price, estimated baker's and miller's costs and margins, estimated farm value of ingredients, and farmer's share of retail price, annual 1946–55, quarterly 1954–55* [1]

Year and quarter	Retail price [2]	Cost to baker		Baker's and retailer's margin [5]	Mill sales value of flour [6]	Cost of wheat to miller [7]	Miller's flour margin [8]	Farm value		Farmer's share of retail price	
		Flour [3]	All ingredients [4]					Wheat [9]	All ingredients [10]	Wheat	All ingredients
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Percent*	*Percent*
1946	10. 4	2. 5	3. 6	6. 8	2. 5	2. 2	[11] 5	2. 1	2. 6	20	25
1947	12. 5	3. 9	5. 1	7. 4	3. 8	3. 0	. 8	2. 9	3. 5	23	28
1948	13. 9	3. 5	4. 7	9. 2	3. 4	2. 8	. 6	2. 6	3. 3	19	24
1949	14. 0	3. 2	4. 3	9. 7	3. 2	2. 6	. 6	2. 4	2. 8	17	20
1950	14. 3	3. 4	4. 4	9. 9	3. 3	2. 6	. 7	2. 5	2. 9	17	20
1951	15. 7	3. 6	4. 8	10. 9	3. 5	2. 7	. 8	2. 6	3. 2	17	20
1952	16. 0	3. 5	4. 6	11. 4	3. 4	2. 7	. 7	2. 6	3. 1	16	19
1953 [12]	16. 4	3. 6	4. 8	11. 6	3. 6	2. 8	. 8	2. 5	3. 1	15	19
1954	17. 2	3. 9	5. 1	12. 1	3. 8	3. 0	. 8	2. 7	3. 2	16	19
1955 [13]	17. 7	3. 9	5. 0	12. 7	3. 8	3. 0	. 8	2. 7	3. 1	15	18
1954:											
January–March	17. 0	3. 8	5. 0	12. 0	3. 7	2. 9	. 8	2. 7	3. 2	16	19
April–June	17. 0	3. 9	5. 1	11. 9	3. 8	2. 9	. 9	2. 6	3. 1	15	18
July–September	17. 3	4. 0	5. 2	12. 1	3. 9	3. 0	. 8	2. 7	3. 2	16	18
October–December	17. 5	4. 0	5. 2	12. 3	4. 0	3. 2	. 8	2. 8	3. 3	16	19
1955:											
January–March	17. 7	4. 0	5. 1	12. 6	3. 9	3. 1	. 8	2. 8	3. 3	16	19
April–June	17. 7	4. 0	5. 1	12. 6	3. 9	3. 1	. 8	2. 7	3. 2	15	18
July–September	17. 7	3. 8	4. 9	12. 8	3. 7	2. 9	. 8	2. 5	3. 0	14	17
October–December [13]	17. 8	3. 7	4. 8	13. 0	3. 6	2. 9	. 7	2. 6	3. 0	15	17

[1] Quarterly data for 1946–51 are available on request. The farm value and the farmer's share of retail price for the wheat in a loaf of bread are published currently in the tables, "Quarterly Farm-Retail Price Spreads for Farm Food Products," in the Marketing and Transportation Situation.

[2] Average retail price per pound loaf of white pan bread bought in urban areas, reported by Bureau of Labor Statistics.

[3] Weighted average wholesale value of 0.649 pound of several types of bread flour in 5 markets adjusted to the level of cost to bakers as reported in Census of Manufactures.

[4] Cost of flour, shortening, dry milk, yeast, salt, sugar, malt extract, and mineral yeast food, used per pound of bread (estimated average formula for 1935–39) adjusted to level of cost to bakers as reported in Census of Manufactures.

[5] Gross margin or total spread between the estimated cost to the baker of all ingredients used in a pound loaf of white bread and the retail price.

[6] Weighted average wholesale value of 0.649 pound of several types of bread flour in 5 markets adjusted to mill-sales level as reported in the Census of Manufactures.

[7] Weighted average wholesale value of 0.912 pound of major classes and grades of wheat used for milling bread flour in 6 markets, adjusted to level of cost to miller as reported in Census of Manufactures, and further adjusted to eliminate imputed value of millfeed byproducts.

[8] Gross margin or total spread between the estimated cost of the wheat to the miller and the estimated mill-sales value of the flour.

[9] Payment to farmers for 0.912 pound of wheat less imputed value of millfeed byproducts, based on average price received by farmers for all wheat.

[10] Value at prices received by farmers, less byproduct allowances, for the amount of wheat and other farm products yielding ingredients used in the baking of a pound loaf.

[11] Includes subsidy payment of 0.2 cent per loaf in 1946. These subsidies are based on the weighted average Federal milling subsidies paid per 0.912 pound of wheat adjusted to eliminate portion imputed to millfeed byproducts.

[12] Revisions in November 1953 include revisions of retail prices, baker's and retailer's margins, and for some periods the farmer's share of retail price. The revisions were necessary because the Department of Agriculture currently publishes spreads between retail prices paid by urban consumers and prices received by farmers, using retail prices reported by the Bureau of Labor Statistics. Formerly the retail price of bread was based on figures collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics, with adjustment to consumer purchase survey level.

[13] Preliminary data.

Despite these upward trends, the costs of performing these essential services still remains a small part of the price of a loaf of bread. A bushel of wheat moves from the farm into a country elevator and thence to a flour mill as much as 1,600 miles distant, perhaps stopping at a terminal elevator on the way, all for approximately 45 cents. This is possible despite such increased charges as the 76-percent rise in rail rates on grain and grain products between 1946 and 1955.

First processing of wheat is done at the flour mill where the wheat is ground and emerges as flour of different types. Charges for converting 0.912 pound of wheat to 0.649 pound of flour needed for a 1-pound loaf of bread account for about eight-tenths of a cent compared with a half cent in 1946 (table 2). During this period average hourly earnings of grain mill production workers rose 85 percent. Increasing product diversification explains in part why this considerable increase in wage costs has not exerted more pressure on flour prices than it has. Figure 5 indicates the trend of average prices of flour at six leading markets.

WHOLESALE BAKERY MARGINS AND COSTS UP

From the flour mill a 100-pound sack of flour moves by rail or truck to a bakery. There the number of services performed multiplies swiftly. Before the finished loaf of bread is placed in the grocery, its ingredients have been stored, processed for baking, and baked; the bread itself has been sliced, wrapped, and delivered.

The bakery margin consists of the difference between the cost of ingredients to the bakery and the selling price of bread to the grocer in the case of wholesale bakers or to consumers in the case of house-to-house, chainstore, and retail bakeries. The wholesale bakery accounts for the largest amount of baked goods. It is estimated that the wholesale bakeries sold white bread to grocery stores in 1955 for approximately 14.8 cents per pound. Deducting from this the cost of ingredients amounting to 5 cents gives a wholesale bakery a margin of 9.8 cents.

TABLE 3.—*Hourly earnings of employees in flour and grain mills, annual 1946–55, monthly 1955*

Year	Actual hourly earnings including overtime	Year and month	Actual hourly earnings including overtime
	Dollars	1955:	*Dollars*
1946	1. 00	January	1. 82
1947	1. 15	February	1. 80
1948	1. 24	March	1. 79
1949	1. 32	April	1. 80
1950	1. 38	May	1. 81
1951	1. 48	June	1. 81
1952	1. 59	July	1. 87
1953	1. 70	August	1. 88
1954	1. 78	September	1. 87
1955	[1] 1. 85	October	1. 93
		November	1. 91
		December	[1] 1. 90

[1] Preliminary.

Packaging, a very necessary item, claims as large a share of the consumer's bread price as the flour mill. Between 1947 and 1954 the Bureau of Labor Statistics' wholesale price index for a type of paper similar to that used for bread wrapping advanced 87 percent. Another 6-percent increase occurred in 1955. Hourly earnings of workers employed in plants producing all types of bakery products rose more than a third between 1946 and 1950. A further rise of approximately the same amount has taken place since 1950. Since 1951 BLS has published hourly earnings of production workers in bread-baking plants and similar establishments. By 1955 average hourly earnings of this group were about a fourth above 1951 levels, with part of the increase taking place each year. In addition, fringe benefits became much more prominent in labor contracts. This group of employees, together with indirect plant labor, received 10 to 12 percent of the consumer's bread price in the earlier part of this period. Comparable data are not available to show the extent to which the share of labor has risen as wage rates have increased.

Large baking plants have been meeting the challenge of rising labor costs by increased mechanization. Great strides have been made in handling the bulk of ingredients. Flour can now be delivered in portable bins or moved by air pressure through tubes from trucks or rail cars into storage bins, whence it flows by gravity in most instances to the production floor.

Offsetting these efforts is the growing acceptance of a 5-day delivery-selling week and provision for many of the so-called fringe benefits. Traditionally, bakery products have been delivered 6 days a week. Many bakeries are now experimenting with two alternatives. By one, an extra driver-salesman is hired for every five routes and he substitutes for a different routeman each day, Monday through Friday. Stores continue to receive fresh merchandise 6 days a

week. This system adds the extra cost of the "swingman," as the substitute is called, to the bread distribution cost plus the difficult-to-measure factor of possibly lower productivity of the swingman who travels a different route every day. Opposed to this is the straight 5-day plan where no merchandise is delivered on one of the midweek days. Higher losses from stale bread and greater promotion costs to retain market position are said to accompany this plan.

ELEMENTS THAT MAKE UP WHOLESALE PRICE OF BREAD

	Cents
Flour	3.90
Other ingredients	1.20
Wrapping	.81
Labor, production	1.70
Selling and delivery:	
Sales commissions	1.73
Other expenses (including vehicle expense, advertising, and staling)	2.11
Administrative and miscellaneous, including purchased goods	2.52
Profit before taxes	.83
	14.80

"Fringe benefits" continue to be extended as illustrated by the announcement in December 1955 that 2,000 driver-salesmen in the New York metropolitan area would henceforth be covered by a pension system. It was reported that the plan will initially cost 10 large baking firms $5 per man per week.

Payments to driver-salesmen in the form of salaries and commissions claim as much of the sales dollar as wage payments paid to plant labor. It is in this cost factor that chainstore bakeries derive their greatest advantage. Working in many cases at night when street traffic is at a minimum, the chainstore driver and helper in a semi-trailer drop bakery goods off at stores without giving time to either cash transactions or rack display. The latter is done by store employees. In contrast, an average wholesale bakery driver-salesmen calls on 50 or so large and small grocers during store hours, transacts business with the management, and strives for favorable rack display position. In short, the wholesale bakery delivery systems which were developed to meet the individual needs of the neighborhood retail grocery have become progressively more costly. The local wholesale bakery delivery system has come to bear a closer resemblance to a retail operation than to the high volume cost-cutting wholesale delivery system developed by chainstore bakeries to serve their outlets.

Aside from sales commissions, selling expense includes vehicle expense, advertising, overhead, and

loss from stale bread. Vehicle expense and a portion of the driver's commission make the cost of moving a loaf of bread from a west-side city bakery to an east-side grocery store greater than that of transporting by rail the wheat equivalent from western North Dakota to the east coast. At sales value the loss from staling is estimated at approximately 4 to 6 percent of revenue. Annual national surveys of wholesale bakeries show that losses from stale bread in both 1954 and 1953 increased above the previous years.

Profits of wholesale bakeries have fluctuated in recent years. Judging from a sample of six major national firms, the trend in profits after taxes has been downward since 1946 (table 5). However, 4 of these 6 firms have published data covering income after taxes for the first 9 months of 1955, indicating that 1955 may be more prosperous than most years of the decade.

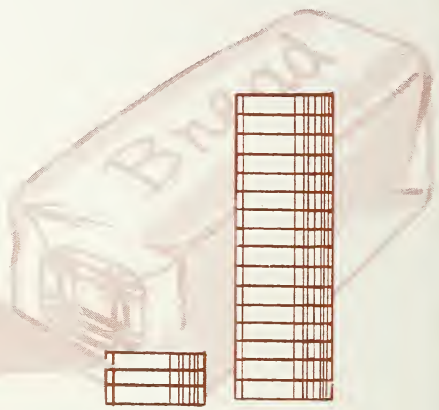
TABLE 4.—*Hourly earnings of bread bakery employees, quarterly averages, 1951–55*

Year and quarter	Actual earnings including overtime (dollars)	Index (1951=100)
1951	1. 43	100
Jan.–Mar.	1. 40	98
Apr.–June	1. 42	99
July–Sept.	1. 44	101
Oct.–Dec.	1. 47	103
1952	1. 52	106
Jan.–Mar.	1. 49	104
Apr.–June	1. 51	106
July–Sept.	1. 52	106
Oct.–Dec.	1. 55	108
1953	1. 60	112
Jan.–Mar.	1. 57	110
Apr.–June	1. 58	110
July–Sept.	1. 62	113
Oct.–Dec.	1. 64	115
1954	1. 68	117
Jan.–Mar.	1. 65	115
Apr.–June	1. 67	117
July–Sept.	1. 70	119
Oct.–Dec.	1. 71	120
1955	[1] 1. 75	[1] 122
Jan.–Mar.	1. 72	120
Apr.–June	1. 73	121
July–Sept.	1 76	123
Oct.–Dec.	[1] 1. 78	[1] 124

[1] Preliminary.

TABLE 5.—*Sales and profits of six baking companies, 1946–54*

Year ended December 31—	Sales	Total net income		Net income percentage of sales	
		Before taxes	After taxes	Before taxes	After taxes
	1,000 dollars	*1,000 dollars*	*1,000 dollars*	*Percent*	*Percent*
1946	375, 263	33, 099	19, 924	8. 8	5. 3
1947	453, 105	25, 638	15, 588	5. 7	3. 4
1948	492, 468	35, 791	21, 907	7. 3	4. 5
1949	469, 521	26, 774	16, 612	5. 7	3. 5
1950	487, 089	29, 561	16, 927	6. 1	3. 5
1951	526, 861	27, 524	13, 636	5. 2	2. 6
1952	590, 888	32, 847	15, 939	5. 6	2. 5
1953	626, 018	33, 371	16, 289	5. 3	2. 6
1954	644, 917	30, 163	15, 094	4. 7	2. 3



RETAIL MARGIN CHANGES LITTLE

The retail grocer receives about 2.9 cents a loaf on an average for his services. A national survey of bread prices undertaken by a member of the allied trades of the baking industry indicates a certain amount of regional variation in the retailer margin. In general, the retail margin declines as one proceeds from California to the Southeastern States. Although highest wholesale and retail prices prevail in the Northeast States, the retail margin is not so high as in the territory west of the Mississippi.

The larger tonnage volume of the average grocery today compared with that before World War II explains in part the fact that the retailer's margins on bread have not advanced with the general rise in bread prices.

Chainstore retail margins are not made public. However, trade reports for 1955 for 100 cities indicate that proprietary brand bread prices were about 4 cents per pound loaf below retail prices in stores buying from wholesale bakeries. These lower prices, the large volume associated with chainstore units, and the streamlined distribution systems of chainstore bakeries suggest lower gross margins at the store level.

Retail margins of house-to-house bakeries and retail bakeries also are unknown. Here the amount of personal selling per pound of product reaches its maximum and it is reasonable to expect that the retail margin, if calculated, would exceed that of any other segment of the bread baking industry.

For information on trends in marketing margins for wheat and white bread for years before 1946, see the "Farm-to-Retail Margins for White Flour and White Bread," December 1948, and "The Marketing and Transportation Situation," May–June 1952, February 1954, and January 1955.

U. S. GOVERNMENT PRINTING OFFICE: 1956 O—379241